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CAFTA Would Benefit Oregon Exports

By Carlos M. Gutierrez

America's economic strength and our high standard of living are both products of our powerful, expanding economy. To continue growing and creating jobs in Oregon and across the nation, we must remain open to trade, especially in our own neighborhood.

In recent years, we have made great strides in the western hemisphere. Today two-way trade with Canada and Mexico exceeds that with the European Union and Japan combined, thanks to the North American Free Trade Agreement. Since NAFTA took effect in 1993, U.S. economic growth has been 44 percent, Canadian growth 46 percent and Mexican growth 36 percent. Without NAFTA, our countries would never have achieved economic growth on that scale.

President Bush is targeting a new market to build on that success. He wants a free trade agreement with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. The Central American Free Trade Agreement now being considered by Congress would create the second-largest U.S. export market in Latin America, behind only Mexico.

These are wonderful growth markets for America. U.S. exports to CAFTA nations were \$16 billion last year, nearly double from a decade ago, and U.S. investments were more than \$4 billion.

CAFTA levels an existing relationship. Since 80 percent of imports from the CAFTA region already come into the United States duty-free, CAFTA levels the playing field and gives U.S. manufacturers, farmers and service providers broader access to this valuable market.

The highly competitive industrial sectors that will gain immediate duty-free treatment include information technology, farm and construction equipment, paper products, medical and scientific equipment, chemicals, and pharmaceuticals.

The potential farm-export benefits for Oregon are significant. Each year the state exports more than \$1.6 billion in agricultural products, supporting more than 11,000 jobs both on and off the farm. CAFTA, for example, would immediately zero out duties on Oregon's grapes, apples, pears and other fruit, all key sources of farm income.

Oregon manufacturers would also benefit because CAFTA's passage would make 92 percent of U.S. capital goods exports duty-free. And Oregon's exports of semiconductors and other electronics components to the CAFTA region will receive a boost in opportunities because these products also will receive duty-free treatment immediately upon implementation of the CAFTA agreement.

Overall, the U.S. Chamber of Commerce predicts that U.S. sales to the region could expand more than \$3 billion in the first year of the agreement.

CAFTA also makes smart strategic sense. It will further integrate the hemisphere so that we can better compete globally, notably in Europe and Asia. And it would solidify America as the leading supplier to CAFTA countries at a time when others are attempting to make serious inroads.

CAFTA is also vitally important for reasons beyond economics. Through economic and political reforms, the people of Central America have graduated from the days of civil war and chaos. Their democratically elected leaders have given us support in the war on terror. Now, these young democracies seek American support.

Three countries have courageously taken the lead by authorizing CAFTA. Now they are waiting for us, and many others are watching. This is an extraordinary opportunity to advance free market and democratic principles in our own backyard.

Approving CAFTA will send a powerful message about our commitment to opening new markets for American businesses and supporting democracy that will lead to greater prosperity for all.

Carlos M. Gutierrez is U.S. Secretary of Commerce.